



OFFICE OF GOVERNOR MARK DAYTON

www.mn.gov/governor | January 2013

A Fair Tax System for Small Businesses

Tax Reform Supports Small Business Growth

Governor Dayton's budget provides tax relief for small businesses – especially those that have seen a sharp rise in property taxes. It also provides new tools to help small businesses purchase new equipment and invests in infrastructure that small businesses need to be successful. The Governor's budget closes corporate tax loopholes in order to lower the corporate tax rate for all businesses. It also helps Minnesota businesses compete with online retailers by collecting sales tax on online purchases.

How the Dayton Budget Helps Small Businesses

» **Reducing the Property Tax Burden on Businesses.** Businesses pay the same amount in property taxes regardless of their sales or profit. By freezing the rate on state business property taxes, and increasing aid to local governments, the Governor's budget provides \$120 million in state property tax relief to small businesses through 2017.

» **Cutting the Corporate Tax Rate.** The Governor's budget proposal reduces the corporate tax rate from 9.8% to 8.4%. This 14% reduction means that small business owners will have more capital to invest in the growth of their business.

» **Helping Main Street Businesses Compete with Online Retailers.** The Governor's budget proposal implements a new E-Fairness initiative, leveling the playing field for local businesses that compete with online retailers.

» **Making it Easier to Do Business in Minnesota.** Right now, when businesses invest in new capital equipment, they pay sales tax and get reimbursed later. More than 1,700 companies received capital equipment sales tax exemptions in 2012, totaling over \$182 million in refunds. Under the Governor's proposal, businesses would instead receive an upfront tax exemption on these purchases, starting in FY2016. This would provide simplicity for businesses and spur additional growth.

Small Business Taxes by the Numbers

35,000	Number of Minnesota businesses that will see a corporate tax cut
14%	Governor Dayton's historic corporate tax cut for businesses
\$120M	Total business property tax cut for Minnesota businesses through 2017
3.6%	Businesses will see a 3.6% cut in their state property taxes through 2017